



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

September 23, 2005

Honorable William W. Davis
Attorney at Law
Ogden, Newell & Welch, PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202-2874

CERTIFICATE OF SERVICE

RE: Case No. 2005-00344
South Anderson Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on September 23, 2005.

Executive Director

BOD/jc
Enclosure

Honorable William W. Davis
Attorney at Law
Ogden, Newell & Welch, PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202-2874

Honorable Ray Edelman
Attorney At Law
150 South Main Street
Lawrenceburg, KY 40342

Bob Kincer
Chairman
South Anderson Water District
246 Court Street
P. O. Box 17
Lawrenceburg, KY 40342

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH ANDERSON WATER)
DISTRICT, ANDERSON COUNTY, KENTUCKY, (1))
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AUTHORIZING CONSTRUCTION)
OF MAJOR ADDITIONS AND IMPROVEMENTS TO)
ITS WATER SYSTEM; (2) SEEKING APPROVAL OF)
REVISED WATER SERVICE RATES AND CHARGES;)
AND (3) SEEKING APPROVAL OF THE ISSUANCE)
OF CERTAIN SECURITIES)

CASE NO.
2005-00344

O R D E R

On August 30, 2005, South Anderson Water District ("South Anderson Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$2,173,300 waterworks improvement project. This project consists of the installation of approximately 37 miles of 4-inch through 3-inch water mains, a booster pumping station, a 50,000-gallon water storage tank, and related appurtenances to provide service to approximately 240 new customers. The project will be funded with the proceeds of the issuance of \$350,000 of Waterworks Revenue Bonds to the U.S. Department of Agriculture's Rural Development ("RD"), a \$750,000 Kentucky Development Fund grant, a Community Development Block grant in the amount of \$971,600, and an applicant contribution of \$101,700.

South Anderson Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30

days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in the case on August 30, 2005, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. South Anderson Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. South Anderson Water's proposed plan of financing with RD is accepted.

3. South Anderson Water is authorized to issue \$350,000 of Water System Revenue Bonds, Series 2005 at an interest rate not to exceed 4.375 percent per annum and a term of 40 years.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in South Anderson Water's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, South Anderson Water may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in South Anderson Water's rates for service. South Anderson Water shall provide to the Commission written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. South Anderson Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

8. Within 30 days of the date of this Order, South Anderson Water shall file with the Commission its revised tariffs setting out the rates approved herein.

9. South Anderson Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

10. Three years from the effective date of this Order, South Anderson Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 23rd day of September, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00344 DATED September 23, 2005.

The following rates and charges are prescribed for the customers in the area served by South Anderson Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First 2,000 gallons	\$16.03 Minimum Bill
Next 1,000 gallons	7.85 per 1,000 gallons
Next 2,000 gallons	6.80 per 1,000 gallons
Next 2,000 gallons	5.81 per 1,000 gallons
Next 3,000 gallons	4.77 per 1,000 gallons
Over 10,000 gallons	4.44 per 1,000 gallons
Bulk Loading Station	3.57 per 1,000 gallons